

# HUMAN RESOURCES



Tongaat Hulett's approach to human capital is aligned with and supportive of the company's strategic aspirations and operating business plans. This approach is informed by external dynamics, including socio-economic, regulatory and legislative factors, as well as internal operational priorities and resources requirements. Senior management is responsible for developing Tongaat Hulett's human capital strategy and assessing its effectiveness on an on-going basis. Plans are implemented on a localised basis to ensure their relevance and impact within each specific operating context.

The business recognises the importance of providing a locally-relevant and competitive value proposition to attract, employ, retain and develop a diverse range of people who are able and motivated to contribute to the achievement of the business's strategic goals.

## EMPLOYEE BASE

The total workforce as at 31 March 2015 was 34 363, compared to a total of 35 065 the previous year. This includes full-time employees, fixed-term contractors and seasonal and casual workers. Attention is given to employee cost optimisation without negatively impacting the appropriate human resources required for the operations. The breakdown of Tongaat Hulett's employee base per country as at 31 March 2015 is as follows:

Operating country	Full-time (Permanent)	Fixed-term contractors	Seasonal and casual workers (Non-permanent)	Total*
South Africa	3 400	828	1 680	5 908
Mozambique	8 090	2 721	1 592	12 403
Zimbabwe	10 972	4 113	0	15 085
Swaziland	409	30	208	647
Botswana	111	0	0	111
Namibia	137	72	0	209
Total	23 119	7 764	3 480	34 363

\*Employee numbers vary depending on the quantum of seasonal and contract employees.

## SPECIALISED SKILLS

Tongaat Hulett's operations require core and critical skills in the areas of agriculture, milling and refinery, marketing, sales, distribution and commercial skills, as well as engineering and technical skills. As many of these are specialised areas for sugar and starch agri-processing functions, key positions require the contribution of highly qualified, experienced and mobile people. Tongaat Hulett aims to maintain the required human capital capacity by improving the skills of current employees and attracting new resources from the external labour market, while building future capacity through graduate development programmes. The table below provides a breakdown of qualifications of these specialised skills across the company:

	Number (as at 31 March 2015)	Average age (as at 31 March 2015)	Number terminated (1 April 2014 - 31 March 2015)	Number appointed (1 April 2014 - 31 March 2015)
Degrees/ Diplomas	1 248	42	46	107
Artisans	786	40	33	44

## PERFORMANCE MANAGEMENT

A formalised performance management and succession process is in place for managing top talent in key roles at company level. Each operating entity has established performance management structures which attract and reward employees based on the specific operational and long-term skills requirements of each business.

With the identification of different talent segmentation of key skills and core capabilities, greater focus was directed towards ensuring retention and development of talent 'bench-strength' - in other words, the capacity of competent employees available



for deployment in key roles and core functions. Tongaat Hulett has rolled out various individual and group talent management programmes to build and strengthen this capacity and enable employees to reach their potential.

### **DIVERSITY AND TRANSFORMATION**

The company is focused on promoting diversity and transformation. Over time, Tongaat Hulett has achieved a steady improvement in this area as a result of a range of focused interventions and processes, including attracting, retaining and advancing the careers of women throughout the business, local nationals in Mozambique, and designated groups in South Africa.

### **TRAINING AND DEVELOPMENT**

Employee training and development programmes at Tongaat Hulett are informed by business needs, operating challenges, existing skills supply and levels of competence, against the skills requirement for each of the operating companies. These can be categorised into four areas of skills improvement:

- Safety, compliance training and certification
- Operations/core functional skills training
- Talent development and career advancement
- Long-term skills pipeline

**Safety, compliance training and certification programmes** include artisan training, and Safety, Health and Environment (SHE) training, as well as motorised equipment (such as fork-lifts) training. These programmes are considered high priority, and are conducted in line with operational goals and a continued focus on employee safety and welfare.

### **Operations/core functional skills training programmes**

are driven by requirements at operational level to achieve the company's overarching performance objectives. Core competencies include agricultural skills, farm management, supervisory management skills, technical skills, and production and manufacturing skills. Training is extended to employees not directly employed by Tongaat Hulett but that are part of the company's agriculture supply chain; for example, private and small-scale farmers.

### **Talent development and career advancement programmes**

provide employees with opportunities to study further through the employee study support scheme, thereby improving their skills for immediate and future utilisation as well as for career advancement.

**Long-term skills needs** were identified by assessing the succession requirements of senior positions, along with internal and external available resources, to cater for the future demands of the business. To address this, various development programmes are in place as part of the Graduate Development Programme, mainly in production, manufacturing, agriculture and commercial operations, such as strategic sourcing. The Graduate Development Programme is a response to the challenge of youth unemployment and access to education and is structured to align with the skills needs of the company. Whenever possible, entry-level opportunities are allocated to graduate and school-leaver candidates.

Tongaat Hulett's total training and development spend for the 2014/15 financial year exceeded R37,5 million (2013/14: R50 million).

The various categories of training and development programmes are provided in the table below:

Programme categories	Number of employees who attended training from 1 April 2014 to 31 March 2015	Percentage
<b>Safety, compliance training and certification</b>		
SHE	10 922	48,6
Driver - forklift/crane/tractor	2 437	10,8
First aid	521	2,3
Advanced accident and emergency care	103	0,5
Food safety	919	4,1
Defensive driving	579	2,6
Occupational Health and Safety legislation	256	1,1
Alco meter use (Alcohol detecting machine)	100	0,4
Fire fighting	33	0,1
<b>Operations/ core functional skills training</b>		
Agricultural skills	4 817	21,4
Engineering and technology	146	0,6
Information technology	20	0,1
Management and supervisory skills	242	1,1
Admin/ business skills/finance	163	0,7
Human resources	108	0,5
Small growers programme	90	0,4
Process training/Boiler attendant programme	40	0,2
Commercial and marketing	50	0,2
Manufacturing and production	353	1,6
Medical	95	0,4
<b>Talent development and career advancement</b>		
Life skills	111	0,5
Other interventions, specific to groups/individuals	382	1,7
<b>Total</b>	<b>22 487</b>	

The long-term skills development and graduate programmes comprise a range of support mechanisms from school level to tertiary and workforce entry level. These include education bursaries, engineers-in-training (EIT), in-service training and learnerships and are structured to be accessible to individuals from diverse socio-economic backgrounds with varying levels of competency and work readiness. Tongaat Hulett had 452 school-leavers and graduates in training at various levels of exposure and development during the 2014/15 financial year (2013/14: 472).

Skills and graduate development programmes vary in focus and roll-out in the different geographies.

The table below provides a summary of the various programmes across all operations:

<b>Graduate development programmes, entry-level skills training (All operations)</b>	
Programme	Number of participants
Engineers-in-training (EIT)	19
Agronomist trainees	1
Agriculture farm manager training	8
Agriculturist-in-training	20
Strategic sourcing trainees	2
Production	23
In-service trainees	60
SHE trainees	3
Apprenticeships (various trades)	130
Learnerships	22
Graduate trainees	32
Communications and marketing	1
Student development programme	5
General learners/trainees	68
Workplace experience	17
Bursaries	41
<b>Total</b>	<b>452</b>

There is also specific focus on artisan training, which is generally longer in duration than the graduate development programme.

<b>Artisan training (All operations)</b>	<b>Number of participants</b>
Artisans-in-training	449
Artisan development	20
Artisan aid development programme	12
<b>Total</b>	<b>481</b>

## COMPLIANCE WITH LEGISLATION AND REGULATIONS IN EMPLOYEE MANAGEMENT IN SOUTH AFRICA

Tongaat Hulett complies with the various legislative and regulatory frameworks with regards to employee management and skills development reporting in all countries of operation. The operating companies in South Africa, which incorporate Sugar, Starch and Developments, comply with the various employment legislation relating to affirmative action, employment equity, labour relations, skills development and other relevant laws. In line with South African regulation, this information for the period 1 April 2014 to 31 March 2015 is provided in the following pages. It is only applicable to the

South African operations and does not include other operating geographies. Of the overall training costs of R37,6 million, a total of R28,0 million was spent on the South African operations, with the different categories of spend outlined in the table below:

1 percent skills levy	R13,9 million
Training spend as a percentage of leviab amount	2,0%
Number of person days trained	5 943
Number of person days available	1 345 347
Percentage trained person days	0,44
Number of persons trained	1 731
Expenditure on African, Coloured and Indian employees	R24,3 million
Expenditure on African, Coloured and Indian women	R11,0 million
Expenditure on employees with disabilities	R220 597

### PERSONS WITH DISABILITIES

Tongaat Hulett is committed to providing a work environment that empowers people with disabilities to reach their potential and contribute productively in their work environment. There were 63 employees with disabilities as at 31 March 2015 (2013/14: 68) in South Africa (aligned with legislated reporting requirements), which constituted 1,1 percent of the total employee complement (2013/14: 1,4 percent).

### EMPLOYMENT EQUITY AND AFFIRMATIVE ACTION

In the South African operations, a strong employment equity culture has been fostered over many years and significant improvement have been achieved. In terms of the representation of designated groups, particular emphasis is placed on Africans, black women and persons with disabilities. As at 31 March 2015, 63,3 percent of management (2013/14: 62,3 percent) and 85,4 percent of skilled and supervisory positions are filled by black employees (2013/14: 84,6 percent). Women constitute 32,8 percent of the workforce across South African operations (2014: 29,9 percent). In terms of the professional skills profile, 76,1 percent of the graduate and diplomate employees are black (2013/14: 76,1 percent), with women constituting 46,3 percent (2013/14: 46,8 percent).

Employee transformation programmes are also a focus in Mozambique and Zimbabwe.

The overall proportion of black representation at management level at 31 March 2015 was 63,3 percent of permanent staff, compared to 62,3 percent at 31 March 2014. Women at senior management level increased from 16,2 percent to 18,6 percent at 31 March 2015, the proportion of black females in top management remained constant at 28 percent at 31 March 2015 and black females in management increased slightly from 22,2 percent to 22,3 percent in March 2015.

## INDUSTRIAL RELATIONS

### Human rights

Within its sphere of influence, Tongaat Hulett implements protection for basic human rights. The company is a signatory to the Universal Declaration of Human Rights, in which it commits, among others, to supporting freedom of association and collective bargaining at its locations, as well as preventing child and/or forced labour. Tongaat Hulett has incorporated human rights principles in its practices, and operates within a Code of Business Conduct and Ethics, which supports its commitment to a policy of fair dealing, honesty and integrity in the conduct of its business.

### Child labour, forced and compulsory labour

Tongaat Hulett does not make use of child labour and does not tolerate the inhumane treatment of employees, including any form of illegal forced labour, physical punishment or other abuse.

### Freedom of association and collective bargaining

Tongaat Hulett employees have the right to freedom of association. The company has always strived to maintain a constructive relationship with unions and a climate of industrial accord has generally prevailed. There are recognition agreements with 12 different unions as at 31 March 2015 and approximately 38 percent of permanent employees are members of unions. In South Africa, the SAEWA union became active in the year and at this stage only represents employees





**CASE STUDY  
GIDION MUNYARADZI**

Gidion completed his apprenticeship training in 1996 and worked as an electrician for six years at Zimbabwe Alloys, never imagining that one day he would head up Safety, Health and Environment (SHE) activities for Tongaat Hulett.

To read more about Gidion, go to [www.tongaathulett.com/2015/gidion\\_muyaradzi.pdf](http://www.tongaathulett.com/2015/gidion_muyaradzi.pdf)



from the Refinery. During the year the SAAPAWU union had a number of its members leave and join FAWU.

In Zimbabwe, union membership is determined through deduction of union dues. Since January 2015, the biggest union registered for the industry, Zimbabwe Sugar Milling Industry Workers Union (ZISMIWU), had membership dues stopped by government owing to a need to investigate alleged financial impropriety by the union executives and as at 31 March 2015, there were no membership dues being deducted. The Sugar Production and Milling Workers Union is a recognised union which was registered in December 2014.

The formally recognised trade unions are provided in the table below:

Country	Recognised union
South Africa	Food and Allied Workers Union (FAWU)
	National Sugar and Refining and Allied Industries Employees Union (NASARAIEU)
	Southern African Equity Workers Union (SAEWA)
	United Association of South Africa (UASA)
	National Union of Public Service and Allied Workers (NUPSAW)
Zimbabwe	Sugar Production and Milling Worker Union of Zimbabwe (SPMWUZ)
	Zimbabwe Sugar Milling Industry Workers Union (ZISMIWU)
	Zimbabwe Hotel and Catering Workers Union (ZHCWU)
Mozambique	Sindicato Nacional dos Trabalhadores da Industria Do Açúcar e Afins (SINTIA)
Swaziland	Swaziland Agriculture and Plant Workers Union (SAPWU)
Botswana	Botswana Beverages and Allied Workers Union (BBAWU)
Namibia	Namibian Food and Allied Workers Union (NAFAU)

During the 2014/15 financial year, there were five strike days at Mafambisse which involved 600 employees with a cost implication of R200 000. There were 34 strike days at the South African sugar refinery which involved 420 employees and 12 strike days at Voermol which involved 1 064 employees. The collective cost of the strike action at the refinery and Voermol amounted to R9,7 million.

**Disciplinary procedures**

The disciplinary codes and procedures make provision for corrective behavior in a just, equitable, non-discriminatory and consistent manner, in line with the relevant labour legislation. If any employee feels unjustly treated, they are entitled to exercise their rights in terms of the particular operation's internal appeal procedure and the relevant legislation. Disciplinary codes and procedures have been implemented at local operations, after negotiations with the relevant trade unions.

**Grievance procedures**

The company's grievance procedures are intended to create an environment that is conducive to good employee relations, by facilitating prompt and fair action by the company when employees raise legitimate complaints. The procedures are structured such that ensure that grievances can be resolved as near to their point of origin as possible, and within a reasonable timeframe.

**Anti-bribery and corruption**

Tongaathulett endeavors to uphold core business values and actively works to prevent corruption and bribery. The company has procedures in place that provide guidance on areas such as dealing with gifts and donations. Employees of Tongaathulett who do not comply with the company's Code of Business Conduct and Ethics face disciplinary action, including dismissal.





## STAKEHOLDER RELATIONSHIPS



Social and relationship capital

KEY  
ELEMENTS

**0,085** LTIFR ACHIEVED PER 200 000 HOURS WORKED (2013/14: 0,087)

**R140,7 MILLION** SPENT ON SED INITIATIVES (2013/14: R124,4 MILLION)

**11** CONSECUTIVE YEARS INCLUDED IN THE JSE'S SRI INDEX

**81,09%** VERIFIED LEVEL THREE B-BBEE CONTRIBUTOR

KEY  
PRIORITIES  
GOING  
FORWARD

EXTEND 'ZERO HARM' CAMPAIGN TO RELEVANT STAKEHOLDERS

STRENGTHEN STRATEGIC PARTNERSHIPS WITH PRIVATE FARMERS

TRANSITION TO NEW AGRI-BEE SCORECARD

### STAKEHOLDER ENGAGEMENT

Tongaat Hulett has a well-established history of maintaining constructive relationships with a range of stakeholders. The process to improve Tongaat Hulett's understanding of its stakeholders is on-going and includes identifying key groups based on the degree to which they influence or are impacted by the business, and documenting the various

proactive engagements that are already in place as the business seeks to further strengthen these relationships. The company's operations require the support and participation of a diverse and extensive range of stakeholders and these are outlined in the table on the following page.

	Nature of engagement	Priorities	Outcomes
<b>Shareholders, investors and analysts</b>	<p>Annual and interim results presentations and publications</p> <p>Roadshows both locally and abroad</p> <p>Annual general meeting</p>	<p>Clear communication of the company's strategy and prospects going forward</p> <p>Return on investment and growth in value</p>	<p>The company continues to improve on reporting its strategy and prospects</p>
<b>Private farmers</b>	<p>Groups are organised according to logistical areas of operation - includes meetings and forums with farmers</p>	<p>Maximum return in terms of revenue received for sugarcane and maize</p> <p>Support from the company towards the long-term sustainability of private sugarcane farmers</p>	<p>Access to maximum quality seed cane and cost savings on key inputs such as fertiliser and herbicides</p> <p>The company works to unlock grant funding from relevant authorities</p> <p>Sustainable integrated farming model for staple foods implemented across SADC region</p>
<b>Government authorities and regulators</b>	<p>Partnerships on joint projects</p> <p>Forums discussing existing and emerging initiatives</p> <p>Ad hoc meetings</p> <p>Compliance monitoring</p>	<p>Compliance across operations with local, provincial and national regulations</p> <p>Effective partnerships towards achieving articulated government objectives, projects and policies</p> <p>Demonstrable company support towards sustainable socio-economic growth in the region</p>	<p>The company has efficient systems in place for complying with regulatory frameworks</p> <p>On-going partnership with relevant government agencies on various initiatives including sugar expansion in rural communities and land conversion activities</p>
<b>Local communities</b>	<p>Regular and ad hoc local forums with traditional and community leaders</p> <p>Development of small-scale private farmers in the communal areas identified for sugarcane expansion</p> <p>Regular interaction at local level through the SED provision of basic needs and services</p>	<p>Access to sustainable jobs and economic opportunities</p> <p>Affordable education, training and access to healthcare, basic amenities and infrastructure</p> <p>The conservation of the community's way of life, culture and environment</p>	<p>Additional direct and indirect jobs SED investment addressing a broad range of needs in Mozambique, South Africa, Swaziland and Zimbabwe</p> <p>Health programmes for all employees extend to communities, including counselling, screening and treatment for both HIV/AIDS and malaria</p> <p>On-going schooling and infrastructure development projects involving local communities</p>
<b>Employees</b>	<p>Regular collaboration on topics of employee protection, diversity and performance management</p> <p>A variety of internal communication channels, including the company intranet, internal newsletters and briefings</p>	<p>Stable employment relationships and job security</p> <p>A working environment that guarantees health, safety, fairness and equal opportunity</p> <p>Opportunities for upward and sideways movement within the organisation</p> <p>Freedom of association and the right to collective bargaining</p> <p>Training and development</p>	<p>Sound corporate governance practices aligning remuneration with performance Managers across operations interact with trade unions in an open and constructive manner</p> <p>On-going healthcare and wellness programmes across rural operations, particularly in Mozambique, Swaziland and Zimbabwe</p>
<b>Customers, suppliers and service providers</b>	<p>Regular interaction on procurement processes, responsible sourcing standards and supply chain management</p> <p>Regular interactions with customers on various matters</p>	<p>Local procurement</p> <p>High quality products at competitive prices that attract consumers and encourage brand loyalty</p> <p>Product innovation and growth of the business</p> <p>Professional and mutually beneficial trade relationships and robust supply chain mechanisms</p> <p>Product responsibility and food safety</p>	<p>The company continuously improves the quality, taste and innovative features of products at reasonable prices</p> <p>The company operates under the relevant regulations, standards and laws to ensure the quality and safety of all its products</p> <p>Long-term relationships with key suppliers</p>

## SOCIO-ECONOMIC DEVELOPMENT (SED)

SED is an integral part of Tongaat Hulett's operations and is closely linked to the company's overall strategic objective of developing sustainable indigenous farms to support and grow rural communities. The company exceeded its commitment of allocating one percent of annual headline earnings to SED for the 12 months to 31 March 2015. For this period, Tongaat Hulett invested R140,7 million in its SED initiatives (2013/14: R124,4 million), including the cost of company-sponsored occupational and primary healthcare services. Operations in Zimbabwe, Mozambique and Swaziland accounted for 84 percent of the total amount invested in SED initiatives. Key elements of SED spend for the period are as follows:

### Healthcare

- With the majority of operations being located in rural areas, a significant amount is invested in running healthcare facilities for employees and local communities.
- R76 million was invested in health-related activities during the period, of which R4 million was specifically allocated to dealing with the impact of HIV/AIDS.

### Education

- R17,6 million was invested in education initiatives across the company.
- This included the purchase of exercise and textbooks and new chairs in the estate schools in Mozambique, Swaziland and Zimbabwe.

### Basic needs

- R10,7 million was invested in basic needs and social development, which includes food security projects and the provision of basic materials, in order to uplift communities around company operations.

## Sports, arts and culture

- The company acknowledges the important role that arts, sports and culture can play in the development of successful rural communities.
- R5,9 million was invested in these initiatives during the year.

## FOOD SECURITY

As a member of the UN Global Compact, Tongaat Hulett is committed to accelerating its disaster risk reduction activities and seeking to make food production systems more resilient and capable of absorbing the impact of disruptive events.

Tongaat Hulett promotes food security imperatives by implementing sustainable agricultural practices which increase farmers' yields while reducing the inputs of fertiliser, pesticides and water. Investment in small-scale farming is essential to ensuring long-term localised food supply and contributing to poverty alleviation.

## PROMOTING SUSTAINABLE AGRICULTURE

Tongaat Hulett practices a range of conservation methods and land-use strategies to ensure that every field is environmentally assessed before planting. In selected areas, depending on soil conditions and other agronomic influences, a range of cover crops are used to improve soil conditions and nitrogen prevalence for the subsequent sugarcane crop. This is implemented with the view that better farming practices will halt and in some instances reverse the negative process of soil degradation. At the same time, farmers are encouraged to use existing farmland more efficiently. Sustainable farming solutions include not tilling the land, crop rotations, bringing vegetation back to degraded land and planting vegetation around fields to prevent erosion.

## SUPPLY CHAIN

Tongaat Hulett is committed to sustainable and innovative procurement initiatives to deliver value to the business and



### CASE STUDY BRIGHT NZUZA

In 2009, Ogwini High School decided to have one of their learners, Bright, represent them at a disability summit in Durban, which was held in partnership with Tongaat Hulett.

To read more about Bright, go to [www.tongaathulett.com/2015/bright\\_nzuzi.pdf](http://www.tongaathulett.com/2015/bright_nzuzi.pdf)



### CASE STUDY THE CHILONGA FEEDLOT PROJECT

The Chilonga Feedlot Project is contributing to increasing the quality of livestock in the Lowveld region of Zimbabwe and the empowerment of local communities.

To read more about this project, go to [www.tongaathulett.com/2015/chilonga.pdf](http://www.tongaathulett.com/2015/chilonga.pdf)





local communities in which it operates. In order to achieve alignment and sustained benefits, high-level cross-functional teams involving strategic sourcing, human resources, SHE and various business operations are working closely on sourcing projects with the potential to deliver positive economic, social and environmental outcomes, including:

- **Project SETH (Sourcing Excellence in Tongaat Hulett)** - a fundamental reconfiguration and transformation of the company's approach to procurement. The team is building long-term sustainable procurement and strategic sourcing capabilities, skills and business systems.
- **Local procurement and enterprise development projects** - a set of policy guidelines to accelerate the visibility and impact of local procurement and enterprise development projects in the various countries in which the company operates. The strategic sourcing team will improve focus in South Africa on new broad-based black economic empowerment (B-BBEE) strategic imperatives, as well as formulate an enterprise development framework.
- **Green procurement initiatives** - a good business imperative is that suppliers of the company demonstrate commitment to research, development and delivery of safer, resource-efficient and environmentally-friendly goods and services. Of particular interest are current trials of organic fertilisers which, if successful, could replace chemical-based fertilisers on a wider commercial scale.

## PREFERENTIAL PROCUREMENT

The objective of preferential procurement under the Department of Trade and Industry's current B-BBEE Codes of Good Practice (in South Africa) includes the promotion of B-BBEE compliance by all supplying entities and has targets for procurement from Exempted Micro Enterprises (EMEs), Qualified Small Enterprises (QSEs), black-owned EMEs and black women-owned EMEs. Furthermore, with enhanced recognition given for preferential procurement from value-adding suppliers and enterprise development beneficiaries, the procurement of locally-produced goods and services is actively supported, to assist in developing sustainable income streams for such new entities and create jobs.

Tongaat Hulett is committed to supporting suppliers, improving their empowerment credentials and introducing SME's, black-owned and black women-owned suppliers to the business. The company's Preferential Procurement score during the previous assessment period was 13,65/20. In respect of the Procurement Scorecard for Tongaat Hulett, and based on the expenditure for the period ending 31 March 2014, out of a total available spend (defined as total procurement spend less allowable exclusions) of R8,303 billion, B-BBEE procurement spend from all suppliers based on B-BBEE procurement recognition levels as a percentage of total measured spend, was R5,741 billion (69,14 percent). R157,9 million was in relation to QSE B-BBEE Spend, R587 million in relation to EME B-BBEE Spend, R137,5 million was in relation to >50 percent black owned EME suppliers and R44,5 million was in relation to >30 percent black women owned EME suppliers.



## TRANSFORMATION

Tongaat Hulett is proud that it has met its internal transformation targets. The sixth B-BBEE rating audit by AQRate was conducted in 2015, with Tongaat Hulett being categorised as a level three contributor and scoring 81,09 percent. The business will transition to the Agri-BEE Scorecard rating which has more stringent benchmarks.

## SAFETY, HEALTH AND ENVIRONMENT (SHE)

The prevention of harm to people and the environment remains a core value of Tongaat Hulett's business principles. SHE issues are entrenched in the sustainability framework encapsulated in the 'zero harm' campaign.

Tongaat Hulett pursues a transformational management approach aimed at encouraging positive behaviour change among its employees and their kin. The approach promotes an injury-free, healthy and sustainable business culture which enjoys the support of the company's entire stakeholder network.

The company has therefore extended its SHE programmes beyond just employees to include contractors, suppliers, service providers, farmers and members of surrounding communities. These stakeholders are thereby also able to benefit from this focused improvement drive.

The CEO and senior management oversee the allocation of resources and provide strategic guidance on implementing the

relevant SHE initiatives. Progress towards 'zero harm' is reviewed at various levels of the organisation, including the Risk, SHE, Social and Ethics Committee and various SHE committees at executive level.

## SAFETY

Regrettably, two lives were lost in separate work-related incidents during the year 2014/15, resulting in a Fatality Injury Frequency Rate (FIFR) of 0,004 compared to a FIFR of 0,002 recorded in 2013/14. Tongaat Hulett remains determined to fully manage all fatality risks and effectively stop further loss of lives.

In the past three years, High Fatality Risk Incidents (with potential fatal consequences but not necessarily having resulted in fatalities) were managed comprehensively as part of reactive interventions. In addition, proactive peer reviews were undertaken which involved testing the effectiveness of existing fatality risk controls and identifying business unit and country-specific fatality risk reduction actions.

The above challenges notwithstanding, Tongaat Hulett's safety performance continues to improve in terms of serious injuries that result in loss of time. A total of 42 Lost Time Injuries (LTIs) were recorded in 2014/15 compared to 45 suffered in 2013/14, representing a reduction of almost 7 percent. A Lost Time Injury Frequency Rate (LTIFR) of 0,085 was recorded. An encouraging

improvement of LTIFR was observed during the past four years as shown in the table below:

	2011/12	2012/13	2013/14	2014/15
LTIs	59	56	45	42
LTIFR	0,10	0,094	0,087	0,085

A robust risk management framework forms the foundation of the various SHE management systems in place at all operations, and these are subjected to annual third-party audits for National Occupational Safety Association (NOSA) certification and or Occupational Health and Safety Assessment Specification (OHSAS) 18001 codes of practice.

## FOOD SAFETY

Over time, Tongaat Hulett has developed a reputation as being a producer of high-quality products. To ensure that this reputation is maintained and the company continues to meet the needs of customers in the food industry, Tongaat Hulett manages its maize requirements on a non-genetically modified basis using a sophisticated identity preservation system. In addition, on-going attention is paid to the requirements of FSSC 22000 (a Food Safety System Certification used by food manufacturers which is aligned with ISO 22000 and includes Good Manufacturing Practices), ISO 22000 and ISO 9001, in terms of quality and food safety standards at all operations.

Sugar or sucrose is a natural plant product. It is produced by the sugarcane plant in much the same way that other plants, such as fruit and vegetables, produce sugars. Neither white nor brown sugar contains additives or preservatives of any kind.

The excessive consumption of any foodstuff, no matter how harmless, is not conducive to good health. Sugar is a natural and healthy contributor to the enjoyment of food as part of a sensible and balanced diet.

## HEALTH

Tongaat Hulett appreciates the relationship between workplace and community health and understands the importance of addressing occupational health issues in a manner which extends beyond the workplace. The company aims to achieve a balance between minimising potential harm in the workplace, improving employee health and wellbeing while simultaneously optimising productivity among its operations.

## HIV and AIDS

The business continues to run HIV/AIDS management initiatives across its operations, including Voluntary Counseling and Testing (VCT), HIV Counseling and Testing (HCT) and Anti-Retroviral Treatment (ART). Male Medical Circumcision (MMC) is a preventative measure that has been shown to reduce transmission of HIV in men by up to 60 percent and has been established at most of the operations. More than 83 percent of Tongaat Hulett's employees presented for VCT/HCT during the year. In addition, a total of 15 166 contractor employees



presented for VCT/HCT offered for free by the company. The number of employees and contractor employees enrolled on the company's ART programme during the year was 3 617 and 989 respectively. This represents a total of 4 606 people being offered ART by the company at a cost of R2 147 036. The success of the ART programme has resulted in more HIV-positive employees remaining at work as opposed to leaving employment through death or medical retirement.

**The World Health Organisation (WHO) issued a challenge to eliminate HIV/AIDS by 2030. The "90:90:90" challenge comprises the following goals:**

- 90 percent of target population would be tested for HIV
- 90 percent of HIV positive people requiring treatment would be on treatment
- 90 percent of those on treatment would remain on treatment

Tongaat Hulett is committed to taking on this challenge and will continue to partner with governments and non-governmental organisations alike to help achieve its objectives. To this end, the following existing key actions will be progressed:

- Stretching VCT/HCT targets
- Intensifying awareness campaigns
- Extending ART to all permanent and seasonal employees where practicable
- Promoting Male Medical Circumcision at all operations



### Primary healthcare

The company seeks to consolidate existing healthcare programmes, primarily covering employees and their families at operations that are far from major urban centres with limited access to government-supported health facilities. Primary healthcare includes the provision of maternal child health care, control of communicable diseases, for example cholera, tuberculosis and measles and treatment of acute ailments, such as colds.

### Malaria

Tongaat Hulett will continue to partner with regulatory authorities and non-governmental organisations in the provision of malaria control programmes, particularly in Zimbabwe, Swaziland and Mozambique where the disease is a major health risk. Existing control programmes include indoor residual insecticide spraying, larviciding, chemo-prevention with Deltaprim, use of mosquito repellents and long-lasting insecticide-treated mosquito nets. Community-based health education awareness campaigns at these operations are on-going.

Regrettably, a single malaria-related fatality was recorded at one of Tongaat Hulett's operations in Mozambique during the year 2014/15. There was a three percent decrease in the number of malaria cases recorded in 2014/15 when compared to the previous year, with Mozambique operations achieving a 23 percent reduction during the same period. The decrease was attributed to the following interventions:

- New insecticides being introduced to control malaria.
- Investment in facilities, equipment and training.
- Use of a malaria consultant to conduct training and audit programmes ensuring that best practices are being applied.
- On-going awareness programmes to employees and communities.
- Use of mosquito nets as a preventive measure.
- Focusing on spraying insecticides at mosquito breeding habitats.
- Working closely with governments and non-governmental organisations in supply of chemicals, sharing of technical expertise, training of sprayers and provision of mosquito bed nets.

### Occupational healthcare

There were no occupational health cases with irreversible health effects registered in 2014/15. A total of 10 occupational health cases with reversible effects were recorded compared to 13 recorded in the previous year. Most of the incidents involved tenosynovitis, an inflammation associated with sugar cane cutting. All cases were reversed within a short timeframe and employees were trained on how to manage this inherent risk.

# INTELLECTUAL PROPERTY



## Intellectual capital

### KEY ELEMENTS

PROMINENT MARKET POSITION OF CORE BRANDS

### KEY PRIORITIES GOING FORWARD

BUILD ON ESTABLISHED POSITION AND REPUTATION TO GROW MARKET SHARE

RETENTION OF ALL RELEVANT THIRD-PARTY CERTIFICATIONS

Tongaat Hulett's intellectual property is protected through employment contracts and confidentiality agreements and/or license agreements with external parties. These agreements establish ownership of and rights to trademarks, copyright, trade secrets, innovations and inventions resulting from any dealings with the company. In the sugar operation, a portfolio of patents is managed by a knowledge management specialist in consultation with patent attorneys. Protection of patentable ideas is achieved by immediately obtaining provisional patents, with targeted national and international patenting.

Tongaat Hulett holds 13 patents registered in Australia, Brazil, China, Colombia, Indonesia, India, Mauritius, Mexico, South Africa and USA. It is a proprietor of 316 registered trademarks in Australia, Botswana, Lesotho, Namibia, New Zealand, Philippines, South Africa, South Korea, Swaziland, Taiwan and the United Arab Emirates. The company has 50 registered domain names.

### THIRD-PARTY CERTIFICATIONS

Tongaat Hulett continues to benchmark its performance against global best practices to ensure the sustainable management of broader issues, including SHE and food safety. Operations subscribe to various internationally-recognised management systems and/or specifications that include NOSA, OHSAS 18001, ISO 14001, ISO 9001, FSSC 22000 and ISO 22000.

All operations are certified to either NOSA five-star systems or OHSAS 18001 covering occupational health and safety. Of the 19 operations, 17 are certified to the ISO 14001 environmental management system with the remaining two being at an advanced stage of implementing their management systems. A total of four out of five starch operations and part of two out of eight sugar processing operations are certified to FSSC 22000 food safety management systems in accordance with the current requirements of the business.

### PRODUCT RESPONSIBILITY

Tongaat Hulett complies with the relevant safety, health, environmental and quality legislation in each of the countries in which it operates, while striving to implement industry best practice. The production facilities have been certified under the ISO 9001:2008 quality management system. In South Africa, the operations have adopted Hazard Analysis Critical Control Points

(HACCP), where appropriate. Downstream products supplied to the pharmaceutical industry are required to meet the standards of the Food and Drugs Act.

Tongaat Hulett ensures that appropriate information is provided to its customers. All product labels contain information about the product, in compliance with the respective country legislation and labeling regulations. In addition to protecting the company, product labeling informs consumers about the product's nutritional composition and ingredients.

### BRANDS

A number of Tongaat Hulett brands hold prominent positions in their respective markets in different product categories and geographic locations. The company's objective is to grow its market share responsibly through innovation and the development of high-quality products.

The following table provides a summary of the major brands:

	<b>Hulett's®</b> White sugar Brown sugar	Over 120 years in the market Market leader in South Africa  Recognised as one of the top five Icon Brands in the ASK AFRIKA survey over the past three years
	<b>Sunsweet®</b> Brown sugar	Market leader in Zimbabwe
	<b>Voermol®</b> Animal feeds	Market leader in the molasses and pith-based animal feeds industry in South Africa
	<b>Blue Crystal®</b> White sugar Brown sugar	Market leader in Botswana
	<b>Marathon®</b> White sugar Brown sugar	Market leader in Namibia



## ENVIRONMENT



### Natural capital

#### KEY ELEMENTS

**6** CONSECUTIVE YEARS OF PARTICIPATION IN THE CDP PROJECT

**7%** REDUCTION IN SCOPE 1 GHG EMISSIONS ACHIEVED



INCREASE IN RECYCLED MATERIAL VOLUMES AS A RESULT OF NEW PRACTICES

#### KEY PRIORITIES GOING FORWARD

PROMOTION AND IMPLEMENTATION OF SUSTAINABLE AGRICULTURAL PRACTICES

CONVERSION OF AGRICULTURAL LAND TO DEVELOPMENT IN AN ENVIRONMENTALLY-SENSITIVE MANNER

### ENVIRONMENTAL STEWARDSHIP

Globally, natural resources are under stress and ecosystem degradation is a material issue to all businesses, given the significance of sustainable natural capital to global socio-economic prosperity. As a major user of land, biodiversity and water, Tongaat Hulett's agri-processing and land development operations, impact on the environment and local communities. As a responsible corporate citizen, Tongaat Hulett continues to demonstrate its commitment to sound environmental stewardship and considers legal compliance to be the minimum requirement from which to strive further and establish best practice methods in a sustainable and ethical manner.

In line with this approach, the company aims to retain and/or secure ISO 14001 certification at all its operations, thereby reflecting global industry standards that minimise environmental impacts.

### CLIMATE CHANGE

Agriculture is vulnerable to changes in climate and weather patterns. Tongaat Hulett recognises the need to adapt to the physical impacts of climate change, which will affect operations, particularly through the availability of water and the occurrence of extreme weather events.

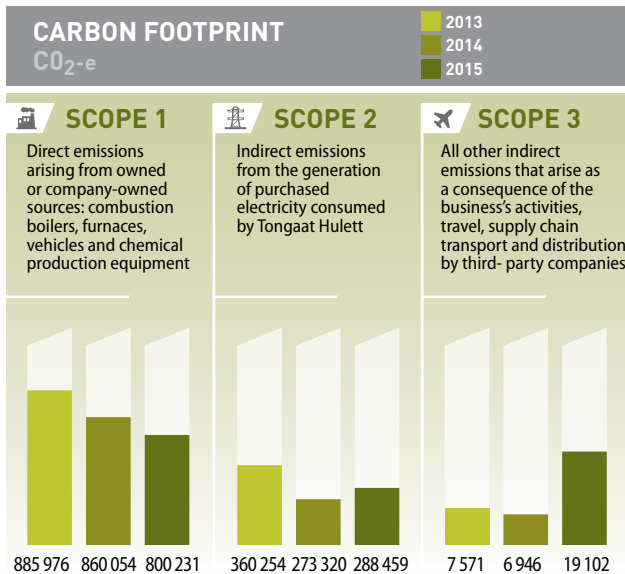
The company is making its operations more energy-efficient, and encouraging suppliers throughout its entire value chain to do the same. The company participates in public environment forums such as COP 21 (United Nations Climate Change Conference) and the Davis Tax Committee to contribute to discussions on this important topic.

### CARBON MANAGEMENT

As part of its broader commitment to responding to climate change, Tongaat Hulett participated in the Carbon Disclosure Project (CDP) for the sixth year in a row. The CDP is an independent initiative encouraging transparency on all climate

change-related issues and providing details of emissions performance. The company's carbon footprint analysis was conducted according to the Greenhouse Gas (GHG) Protocol, a widely used international accounting tool. Details of the company's actions underway are provided in the public response to the CDP ([www.cdproject.net](http://www.cdproject.net)). Tongaat Hulett tracks and monitors its GHG emissions and will continue to improve the accuracy and reporting of its carbon footprint.

During the year, business operations emitted 800 231 metric tons CO<sub>2</sub> equivalent (CO<sub>2</sub>-e) Scope 1 emissions. The company purchased electricity that emitted 288 459 metric tons of CO<sub>2</sub>-e. The total Scope 3 emissions were 19 102 metric tons CO<sub>2</sub>-e covering business travel, comprehensive supply chain transport and distribution by third-party companies. In the 2014/15 reporting period, employees booked nearly 4 000 business trips, flying more than 5,8 million kilometers, resulting in 1 231 metric tons CO<sub>2</sub>-e being emitted from business travel. The total Scope 1, Scope 2 and Scope 3 carbon emissions for the period under review was 1 107 792 metric tons CO<sub>2</sub>-e and the turnover was R16,155 billion, which equates to 69 grams of CO<sub>2</sub> emitted per Rand generated. The GHG emissions have been verified by a third-party service provider.

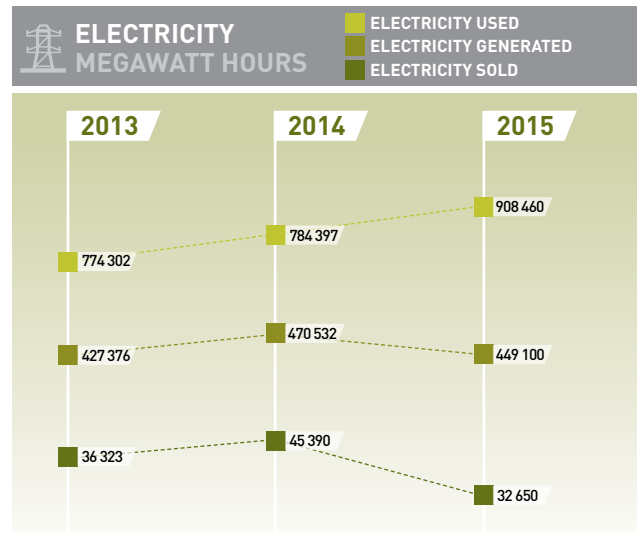


Total emissions from South African operations, calculated at 722 843 metric tons CO<sub>2</sub>-e, includes emissions of 374 673 metric tons CO<sub>2</sub>-e emanating from the South African sugar operations. Tongaat Hulett recently completed a study with the assistance of carbon specialists which found that the company's sugar farms sequester carbon at a rate of 12 tons per hectare per annum from sugarcane produced. Using this rate, Tongaat Hulett's 38 107 hectares (grown from company-owned and leased land) equates to 457 284 metric tons sequestered CO<sub>2</sub>-e per annum. The South African sugar operations could benefit from the carbon capture and storage of CO<sub>2</sub> in the growing of sugarcane if the National Treasury allows for sequestered emissions to be deducted from the company's carbon footprint.

## ENERGY

The introduction of a suitable regulatory framework for the provision of privately-produced alternative electricity to the national grid in South Africa could potentially result in Tongaat Hulett expanding the business's ability to generate electricity from bagasse, a renewable resource produced as a co-product of the sugar production process. In the short to medium term, this would involve infrastructure development projects across the company's sugar mills in order to significantly increase electricity generation from bagasse.

For the period to 31 March 2015, Tongaat Hulett used a total of 908 460 MWh of electricity across all of its operations and offices. It generated 449 100 MWh from its sugar mills, predominantly from bagasse, and sold 32 650 MWh to the national grid. Other sources of fuel that are used include coal (280 646 tons), diesel (12,7 million litres), petrol (1,04 million litres), gas and wood. In the previous reporting period ended 31 March 2014, Tongaat Hulett used 784 397 MWh, generated 470 532 MWh and sold 45 390 MWh.



## AIR QUALITY

In line with respective country-specific legal regimes, Tongaat Hulett operations periodically identify and quantify the impact of emissions with the objective of implementing improvement actions. This process is subjected to both statutory and third-party reviews on an annual basis. The deliberate strategy of burning bagasse ahead of coal as a fuel by sugar mills significantly improves the quality of emissions in terms of particulate matter, noxious gases, carbon and sulphur oxide. Wet scrubbing technology continues to be used by most operations to remove fly-ash from the flue gas to ensure that emissions meet acceptable air quality standards.

The primary use of coal as a fuel to fire boilers at the refinery in South Africa presents bigger challenges in improving the quality of emissions with respect to the abovementioned parameters. To address this, the company continues to explore better process technology solutions which could be applied at that operation.

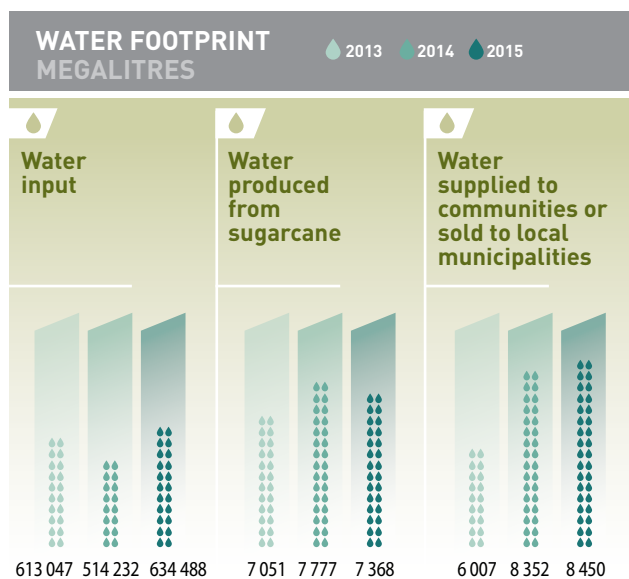
### BIODIVERSITY AND LAND MANAGEMENT

Tongaat Hulett recognises the significance of the impact of its activities on biodiversity on and surrounding the 24 000 gross hectares under its direct control within South Africa. A total of 8 091 developable hectares of this land in KwaZulu-Natal have been identified for conversion, at the appropriate time, in support of growth and development of the region. This conversion is carefully managed and coordinated in line with broader government objectives and spatial policies. A major element of this conversion includes the rehabilitation of the affected ecological systems through a range of biodiversity improvement practices. At the same time, the company continues to rehabilitate currently unproductive land to agriculture, while also securing additional sugarcane supply to its mills.

### WATER RESOURCE MANAGEMENT

Tongaat Hulett is involved in water partnership projects addressing locally-relevant issues such as watershed protection, access to safe drinking water, sanitation, agricultural water efficiency, and education and awareness. Water resources management takes place in the context of the water-energy-food nexus and is informed by the CDP Water Disclosure, the 2030 Water Resources Group (2030 WRG), and the National Water Resources Strategy released by the South African Department of Water Affairs.

Input water sources include water abstracted from rivers, water available in sugarcane and water purchased from municipal sources. Most sugar mills operate in remote locations and therefore assist in the provision of potable water to local communities. For the reporting period 2014/15, the total water input was 634 488 Ml of which 7 368 Ml was produced from sugarcane and 8 450 Ml was supplied to communities or sold to local municipalities. In the previous reporting period ended 31 March 2014, the total water input was 514 232 Ml of which 7 777 Ml was produced from sugarcane and 8 352 Ml was supplied to communities or sold to local municipalities.



### EFFLUENT MANAGEMENT

The company remains committed to achieving 'zero effluent' disposal. Current efforts are aimed at reducing effluent discharged from production processes and ensuring containment of excess effluent that would be subjected to a dilution process prior to being re-used in irrigating nearby crops where practical. Most of Tongaat Hulett's sugar mills recycle and re-use water within the factories, while the remaining effluent undergoes biological treatment (aerobic and anaerobic) to reduce its chemical oxygen demand to acceptable levels before being discharged in accordance with the relevant environmental requirements. The remaining mills are progressing environmental management programmes to adopt best practices and ensure legal compliance as a minimum. Water that is produced as part of the sugar milling process is largely used for the irrigation of sugarcane on adjacent estates and effluent produced at the central sugar refinery is disposed of into the municipal sewer for treatment, and both the quantity and quality thereof is monitored to ensure compliance with the relevant specifications.

### WASTE MANAGEMENT

Tongaat Hulett continues to work towards reducing the amount of hazardous waste produced from production processes with the ultimate objective of achieving 'zero hazardous waste'. To this end, various options are being explored to reduce, re-use and recycle waste before its ultimate disposal. Operations based in South Africa, Mozambique, Botswana, Namibia and Swaziland make use of registered waste companies that collect non-valuable hazardous waste from operations and dispose of it at designated hazardous landfill sites. Zimbabwean operations have constructed hazardous disposal sites that are registered by the regulatory authority and are subject to annual statutory and third-party audits.

Some company operations have re-engineered and refined services to reduce waste and increase resource productivity and these initiatives have yielded new revenue streams from the sale, exchange and recycling of waste products. A significant increase in recycled material volumes was noted for this reporting period. Some of the new practices include the recycling of cane spillage from roadways back into farming.

During the reporting period 2014/15, 12 096 tons of general waste (2013/14: 12 824 tons), 2 455 tons of scrap metal waste (2013/14: 2 803 tons) and 4 822 tons of hazardous waste (2013/14: 4 359 tons) was generated and disposed of in accordance with applicable legislation.

The high amount of hazardous waste reported is mainly attributed to the classification of boiler ash as hazardous waste in Zimbabwe. Formal engagements with the relevant statutory authority have resulted in an agreement to separate boiler waste coming from bagasse fuel from waste coming from coal with a view to classify the latter as being hazardous should it not be recycled within the production process. This arrangement is

expected to result in a significant reduction in the amount of hazardous waste being reported, considering that the main source of boiler fuel is bagasse, whereas small amounts of coal would largely be used for startup purposes and/or when bagasse fuel runs out under unusual circumstances.

### ENVIRONMENTAL INCIDENTS AND COMPLIANCE

During the year, the company dealt with a number of concerns raised by affected stakeholders surrounding its operations. There were no material incidents or non-monetary sanctions for non-compliance with applicable environmental regulations during the year under review. The established community liaison forums between Tongaat Hulett and interested parties continue to address environmentally-related complaints.

A total of 582 complaints (581 level 1 and one level 2) were recorded during the year. The increase in the number of level 1 complaints related primarily to vandal fires and illegal dumping at the agricultural operations and action plans are being developed to address these incidents. The level 2 incident was reported at the Maidstone mill when an effluent main pipeline burst, resulting in partial pollution to the environment. The spillage was contained and measures were implemented to prevent further pollution and secondly to rectify the impact of the initial spill.

### INDEPENDENT THIRD-PARTY ASSURANCE

Environmental Resources Management Southern Africa (Pty) Ltd (ERM) was engaged by Tongaat Hulett to provide independent third-party assurance of Tongaat Hulett's integrated annual report for the year ending 31 March 2015.

Based on our reviews of the integrated annual report, as well as our interviews and desktop research exercises at group level, the information contained within this integrated annual report is deemed fair, factual and reflective of Tongaat Hulett's adherence to AccountAbility's AA1000AS (Type I, Moderate) principles of Inclusivity, Materiality and Responsiveness.

A comprehensive assurance statement has been submitted to Tongaat Hulett, and is available at [www.tongaathulett.com/2015/ermassurance.pdf](http://www.tongaathulett.com/2015/ermassurance.pdf)

